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ASX & Media Release

Heron South-1 Progress Report No. 12

Key Points:

- Preparing to run 7" liner prior to production testing
- Preliminary interpretation from LWD* data indicates two possible gas-bearing zones over a 365m gross interval
- No reportable incidents and well operations proceeding according to plan

MELBOURNE, AUSTRALIA (23rd October, 2012)

MEO Australia Limited (ASX: **MEO**; OTCQX: **MEOAY**) provides the following update in relation to Heron South-1 being drilled in NT/P68, operated by Eni Australia Ltd (Eni). Eni has formally advised MEO that it intends to commence production testing to determine reservoir productivity and gas composition.

The well is interpreted to have intersected two gross sandstone intervals of approximately 120m and 115m thickness separated by approximately 130m of shale and silt.

The forward plan is to run a wiper trip to condition the hole prior to running and cementing a 7" liner and proceeding with production testing.

In accordance with pre drilling plans, the well will be plugged and abandoned at the conclusion of production testing.

MEO's CEO and MD Jürgen Hendrich commented on the announcement:

"Heron South-1 has intersected two potential gas bearing zones over a minimum 365m gross interval. We are delighted that Eni has elected to commence production testing to determine the potential of these zones."

Jürgen Hendrich
Managing Director & Chief Executive Officer

* LWD = Logging While Drilling